

AFM – Accounting Policy Memo: 2004-3.

Internal Guidance Memo

To: Region/Center Accounting Offices
Washington Accounting Operations Division, AFM-200

From: Acting Director of Financial Management, AFM-1

Date: 5/27/2004

Re: Approval of Emergency Payments Using the Electronic Certification System

Background:

This policy implements new procedures for the approval and use of the Electronic Certification System (ECS). The FAA implementation of the Department of Transportation integrated financial management system (DELPHI) on November 10, 2004, resulted in a backlog of vendor payments and employee reimbursements. To reduce interest payments and to avoid the suspension of employee travel credit cards, payments were made using ECS. This Treasury system allows us to transfer our payment request electronically to the Department of the Treasury. Treasury issues a check or an electronic payment to the designated payee within a 24-hour period. Since ECS is a stand-alone system, the payment information must be subsequently entered into DELPHI. Sometimes FAA accounting managers have had problems in obtaining the appropriate financial information for proper entry in DELPHI.

ECS is available at Washington headquarters, the Mike Monroney Aeronautical Center, and the Central and Southwest regional offices. It was anticipated that accounting offices would use ECS payments on a limited basis, once DELPHI was stable and the accounting/line of business financial staff became proficient in using the new system. Unfortunately, some implementation issues remain unresolved and have delayed the proper entry of ECS payments into DELPHI. This poses a serious risk to sustaining a clean audit.

New Policy:

Each accounting manager must ensure the requirements below are met. ECS payments should not be made unless there is assurance that funds are available and authorized prior to payment, regardless of what circumstances may exist pertaining to DELPHI and PRISM. If the award information is not available electronically, the requesting office should provide hardcopy evidence that the proper authorizations have been completed. Before approving any ECS payment, accounting managers must obtain an agreement in writing from the Contract Officer Technical Representative (COTR) and/or the program Technical Officer Representative (TOR) to provide the appropriate accounting information within five business days from the date of the ECS payment. Offices with existing five-day turnaround requests that are late will not have additional ECS payments approved. To minimize emergency payments, accounting managers will only use the ECS system when the following criteria exist:

- The award document for the payment is locked in the DELPHI/PRISM system and requires technical intervention to release it.
- Non-payment of the invoice adversely affects the vendor's financial ability to continue to provide goods or services.
- The contract requires payment in less than 20 days.
- The invoice is over 60 days past due.


Reporting:

Accounting managers must submit to the Director of Financial Management (AFM) by the fifth business day of the month a list reporting all ECS payments made in the previous month (see report format below).

ECS Payments by (insert reporting office) for the Month Ending (insert date)

<u>Date</u>	<u>Vendor</u>	<u>Payment Amount</u>	<u>Requestor/LOB or Staff Office</u>	<u>Reason for ECS Payment</u>
4/21/04	Mitre	\$100,000.00	Jane Smith/ATO	Acceptance
4/21/04	Raytheon	\$20,000.00	Fred Jones/AVR	Duplicate shipment
4/22/04	Unitech	\$3,000.00	James Roth/AHR	No invoice distribution
4/22/04	Mitre	\$400,000.00	Betty Phillips/AFM	Agreement to avoid \$90K interest
Total		\$523,000.00		

Effective Date: May 27, 2004


Tim Lawler